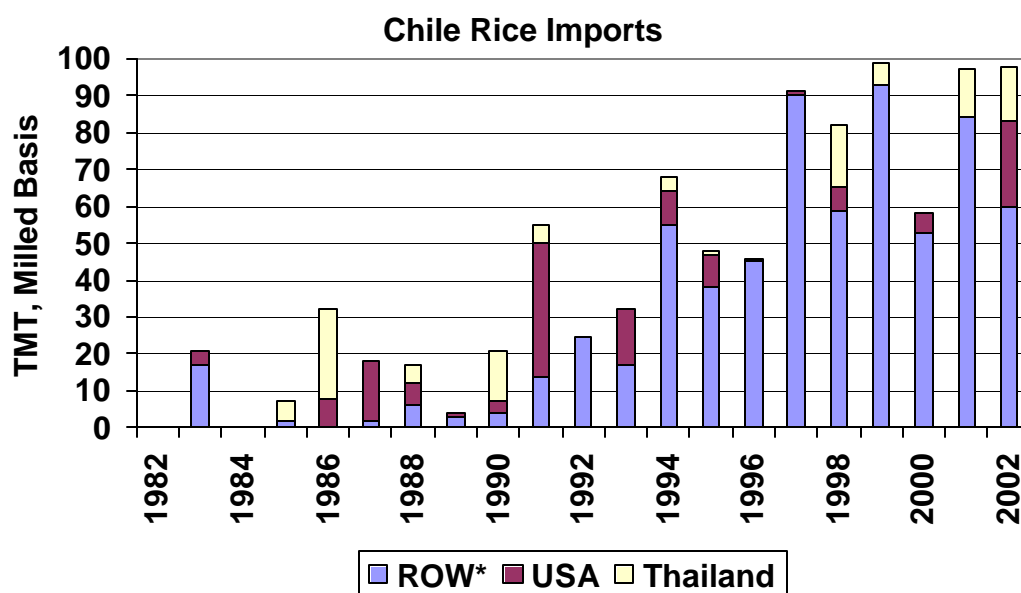
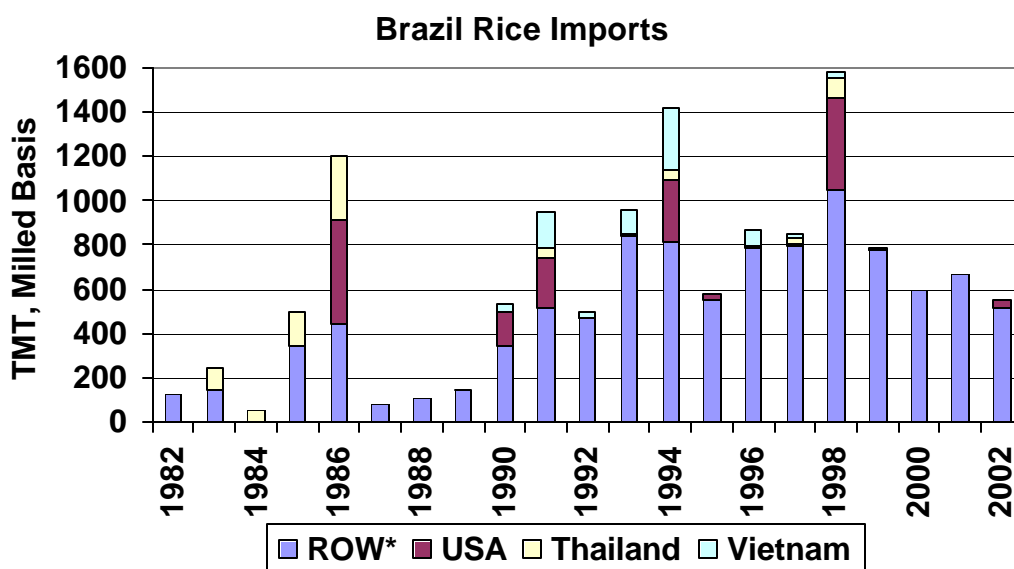

WORLD RICE SITUATION AND OUTLOOK

MONTHLY HIGHLIGHTS:

Brazilian and Chilean Rice Imports of Asian Rice: Historically, under certain circumstances - such as El Niño-induced crop failure - Latin American importers have bought from Asia (see graphs). In recent months, as U.S. supplies tightened and prices soared, some Latin American importers have again looked to Asia to fill domestic demand. In 2003, Chile has turned to Thailand throughout the year, while Brazil turned to Thailand and Vietnam in recent months.

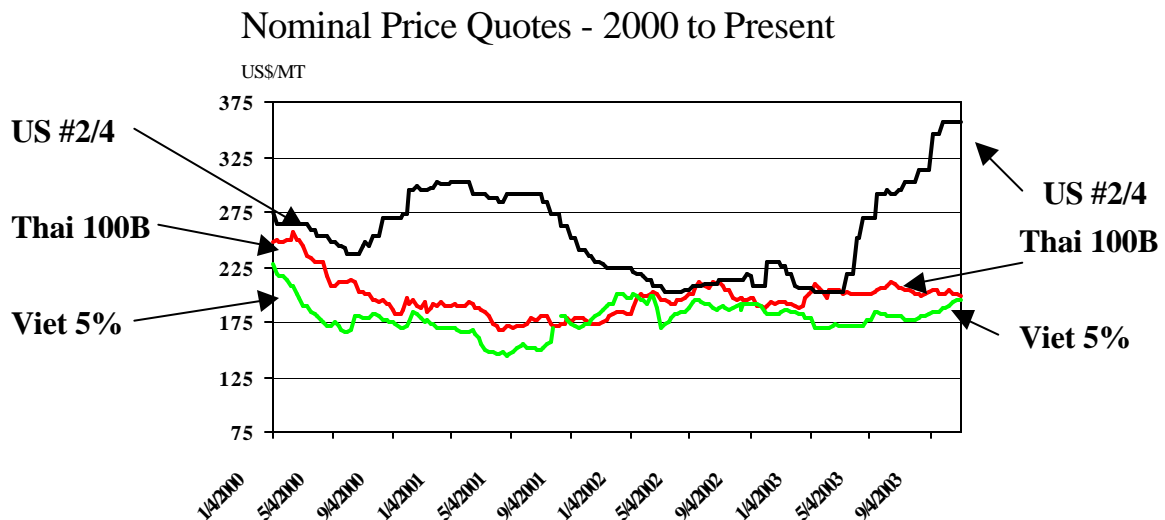


* ROW: Rest of world is virtually all Argentina and Uruguay.

PRICES:

International: Given the start of Ramadan and escalating freight rates, there has not been much new business or movement in export price quotes since last month. In Thailand, Thai 100B is currently quoted at \$199 per ton (FOB). Indian 5% export price quotes hover around \$196-197 per ton. However, in Vietnam, price quotes continue to rise based on tightening supplies; Viet 5% is up \$4 since last month to \$195 per ton.

Domestic: U.S. rice prices are generally unchanged since last month. U.S. #2/4 long grain milled rice remains quoted at \$357 per ton (FOB), but it is still approximately \$150 higher than quotes for similar Asian qualities (see graph). Price quotes for U.S. #1/4 medium grain milled rice from California are also unchanged from last month at \$490 per ton (bulk, ex-spout Sacramento).



TRADE CHANGES IN 2004

Selected Exporters

- **Australia** up 50,000 tons to 300,000 due to larger production.
- **India** down 500,000 tons to 2.5 million as strong exports in CY2003 continues to draw down stocks. The Government of India discontinued the allocation of rice for export in August 2003.

-
- **Pakistan** up 100,000 tons to 1.7 million based on expected increased demand in nearby markets, such as Iran.
 - **United States** up 100,000 tons to 3.0 million as a consequence of continued strong demand for U.S. rice in Latin America, particularly Central America, Brazil, and Mexico.

Selected Importers

- **Brazil** down 150,000 tons to 700,000 tons. Coupled with higher production, the common external tariff is expected to increase at the end of December.
- **Indonesia** down 500,000 to 3.0 million as estimated stocks are projected to be substantial. In addition, the Government of Indonesia continues to make public statements about significant limitations on rice imports in 2004.

TRADE CHANGES IN 2003

Selected Exporters

- **Burma** down 50,000 tons to 450,000 as exports slow due partly to the privatization of the rice export market.
- **China** up 250,000 tons to 2.5 million based on pace to date and unusually heavy shipments to Papua New Guinea throughout the year, which are likely due to the lack of Australian supplies.
- **Egypt** down 50,000 tons to 650,000 in response to decreased pace to date and a recent government ban on exports during Ramadan.
- **India** up 200,000 tons to 4.2 million as a result of a strong pace to date, largely due to more border trade with Bangladesh.
- **Pakistan** up 100,000 tons to 1.7 million due partly to higher exports to Iran.
- **Thailand** down 250,000 tons to 7.25 million based on pace to date, with lower exports to Africa only partially offset by higher exports to Chile and Brazil.

Selected Importers

- **Cote d'Ivoire** up 100,000 tons to 750,000 supported by a strong pace to date.

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- **Indonesia** down 250,000 tons to 3.0 million based on pace to date. While BULOG has completed its program for CY2003, increased competition among private importers has reportedly decreased margins and reduced the incentive to import.
 - **Iran** up 150,000 tons to 900,000 based on pace to date with larger-than-expected imports from nearby supplier Pakistan.
 - **Philippines** up 100,000 tons to 1.3 million in light of relatively high domestic prices.
 - **Saudi Arabia** up 50,000 tons to 1.1 million based on a continued strong import demand.
 - **South Africa** up 100,000 tons to 750,000 given a faster pace to date.

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